



April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of Vi-Tel, Inc., I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. We operate an independent cable company that serves customers in a small, rural Oklahoma community, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will force us to charge an additional \$4 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

Company background

Our company is a small family owned business that began providing cable service in 1982. We operate one headend serving a total of 220 customers in our hometown of Davenport, which is in rural Lincoln County in central Oklahoma.

We have recently invested thousands of dollars in upgrading our cable system to 450 MHz so that we can offer more channels to our customers. And we are making plans to launch digital service in the near future. Our service offers more channels for lower cost than other cable systems in nearby communities. DBS competition has been a strong competitor in our markets, taking many subscribers and making it difficult to increase rates. At the same time, programming costs have increased far ahead of inflation. A

study of our basic programming costs reveals that they have increase by more than 46% since 2001.

The broadcasters' demands for several more dollars per month presents a major problem. For example, in 2002, Hearst-Argyle Television approached us with demands of \$0.70 per subscriber per month. This fee would be more than most cable networks charge. We did not agree to these payments. In the next round of retransmission consent negotiations, we expect most of the major networks to demand some fee to carry their signal. Because our margins are already stretched thin, we have no choice but to pass this cost onto our customers. They will be angry. Some will drop our service. Those that do not will have to pay up to several dollars more for basic cable.

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets. Our cable system is located between Oklahoma City and Tulsa. We have the ability to receive signals from both markets. But if the programmers demand non-duplication, our customers will be denied the signal from the other market and we will be forced to pay higher costs.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In my markets, broadcasters' demands will cost my company and our subscribers at least \$11,880.00 per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or

thousands of miles away. Frankly, they don't care about localism. They just want our customers' money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get a "price" that fairly reflects the value of the signal. Please act on ACA's Petition as soon as you can.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Guest". The signature is fluid and cursive, with a large, stylized "S" at the beginning and a long, sweeping horizontal line extending to the right.

Steve Guest, P.E.
President and General Manager

cc: Gary Beikmann, Monte R. Lee and Co.